SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SCIENCE BASED TARGETS CASE STUDY: PFIZER

AN INITIATIVE BY:

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Targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered "science-based" if they are in line with the level of decarbonization required to keep global temperature increase below 2 degrees Celsius compared to pre-industrial temperatures, as described in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR5).

INTRODUCTION

Pfizer is a global pharmaceutical corporation headquartered in New York. Among the world's largest pharmaceutical companies, Pfizer is a premier, innovative biopharmaceutical company listed on the New York Stock Exchange. Pfizer develops and produces medicines and vaccines for a range of medical disciplines, including immunology, oncology, cardiology, endocrinology and neurology.

We spoke to Pfizer's senior corporate counsel and environmental sustainability advisor, Sally Fisk, about the company's journey to setting a science-based target.

WHY DID YOU SET A SCIENCE-BASED TARGET?

As a science-based healthcare company, Pfizer has long recognized the risks to human health posed by global climate change, and has taken significant voluntary action to reduce its own greenhouse gas (GHG) emissions. From 2000 to 2014, we cut our GHG emissions roughly by half and we are working hard to meet our third GHG reduction goal to reduce emissions 20% further by 2020.

We actually set a science-based target before the term existed. In 2012, we were setting our third GHG emission reduction targets. We had already successfully met previous targets and we wanted to continue to challenge ourselves. We looked at the Intergovernmental Panel on Climate Change (IPCC) 4th Assessment Report, which laid out various scenarios and the related chances of staying below 2 degrees centigrade warming, and we said to ourselves: rather than simply setting a target we think we can meet, let's set one that puts us on track for where we – and the world – need to be by 2050.

THE TARGETS

Pfizer commits to reduce GHG emissions from operations 20 per cent by 2020 from a 2012 base-year. This 2020 goal will keep the company on track to achieve a 60 to 80% reduction by 2050 from a 2000 base-year.

Pfizer also commits that 100% of key suppliers will manage their environmental impacts, including GHG emissions, through effective sustainability programs and that 90% of key suppliers will institute GHG reduction targets by the end of 2020. This covers the main source of scope 3 emissions for Pfizer: "purchased goods and services".

We are motivated by science, and use it in our daily work. We thought: if you are going to go through the effort of setting and meeting goals, you should make sure that effort is scientifically informed and will therefore drive the level of reductions necessary to mitigate climate change. One of the real advantages of target setting in this area – as opposed to water or waste for example – is the availability of credible scientific data via the IPCC. Their reports mean it is actually possible to set science-based targets.

WHAT WAS THE PROCESS FOR SETTING YOUR TARGET?

We had a fellow from the Environmental Defense Fund working with us who helped us synthesize the recommendations of the IPCC report and apply them to our business. We established that we needed to achieve between 60 and 80% reductions from a 2000 baseline by 2050, and that in order to get on the right track, we needed to achieve 20% reductions from a 2012 baseline by 2020. Essentially, we looked at what would happen if we had consistent reductions year on year to 2050. We realized that getting an actual 2050 goal agreed would be challenging, because of the extended timeframe, but that we could set goals that put us on the right trajectory – and be sure to speak about it in this way too.

Then in 2015, we set a scope 3 target as well, which says that our key suppliers, with whom we have most influence, will set meaningful targets in line with what we ourselves have done. We did this because we recognise that everyone needs to take action to mitigate GHG emission if we are going to drive change at the scale necessary. We want our suppliers to be responsible and responsive – this means ideally having science-based emissions reduction targets.

The process of setting and then working out how to meet our target has been very collaborative. Initially three different departments across the company came together: the environmental health and safety group, the environmental law group, and the global engineering group. We discussed and established proposed targets, which were endorsed by our Environmental Sustainability and Environmental, Health and Safety leadership teams, and then received final approval by our Executive Leadership Team (the CEO and his direct reports).

In setting these targets there had been a lot of discussion with individual facilities as to how they would contribute, and these plans were then finalized with the sites by the Engineering group, which works very closely with these facilities to harness their ideas and creative solutions to achieve our goals.

HOW IMPORTANT WAS JOINING THE SCIENCE-BASED TARGETS INITIATIVE?

We learned about the Initiative from the World Resources Institute and approached them to inquire as to whether our current targets might qualify. WRI and the other Science Based Target partners reviewed our goals and our use of the IPCC scenarios in developing our targets and agreed that we had a science-based target. This was very important and meaningful to us: it gave us confidence in how we had established the science-based elements of our targets, enhanced internal coherence and generated pride in our achievements, which had been recognised by qualified, third party experts.

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Sally Fisk
***Senior Corporate Counsel and Environmental Sustainability Advisor*, Pfizer**

When we were setting our targets the current science-based target setting methodologies were not available. There is now more awareness and guidance for companies. We are looking forward to working with the Science Based Targets Initiative to help our suppliers choose methodologies that suit their business.

WHAT ARE THE BENEFITS OF SETTING A SCIENCE-BASED TARGET?

Pfizer is only a relatively small player in terms of emissions, but we think if other companies align their goals with the science there is potential for real global impact and mitigation of the impacts of climate change. This is perhaps the greatest benefit of a science-based target.

We managed to hit our past targets without sacrificing internal return on investment targets. Thus, the business case has not been too difficult to make. Apart from anything else, the initial reforms result in energy savings that drive down cost. There are also important non-financial gains from having a science-based target, including helping to meet the expectations of certain key stakeholders, and motivating colleagues internally.

WHAT CHANGES ARE YOU MAKING TO THE BUSINESS TO MEET THE TARGET?

We continue to pursue energy efficiency and renewable energy projects where they make good business and environmental sense. At our facility in Puurs, Belgium, we completed construction on a second wind turbine providing an additional 3.3 million kilowatt hours of clean energy to the site. Pfizer also broke ground on a $95 million consumer products production facility in Suzhou, China, which will incorporate very advanced technologies to minimize energy and water consumption.

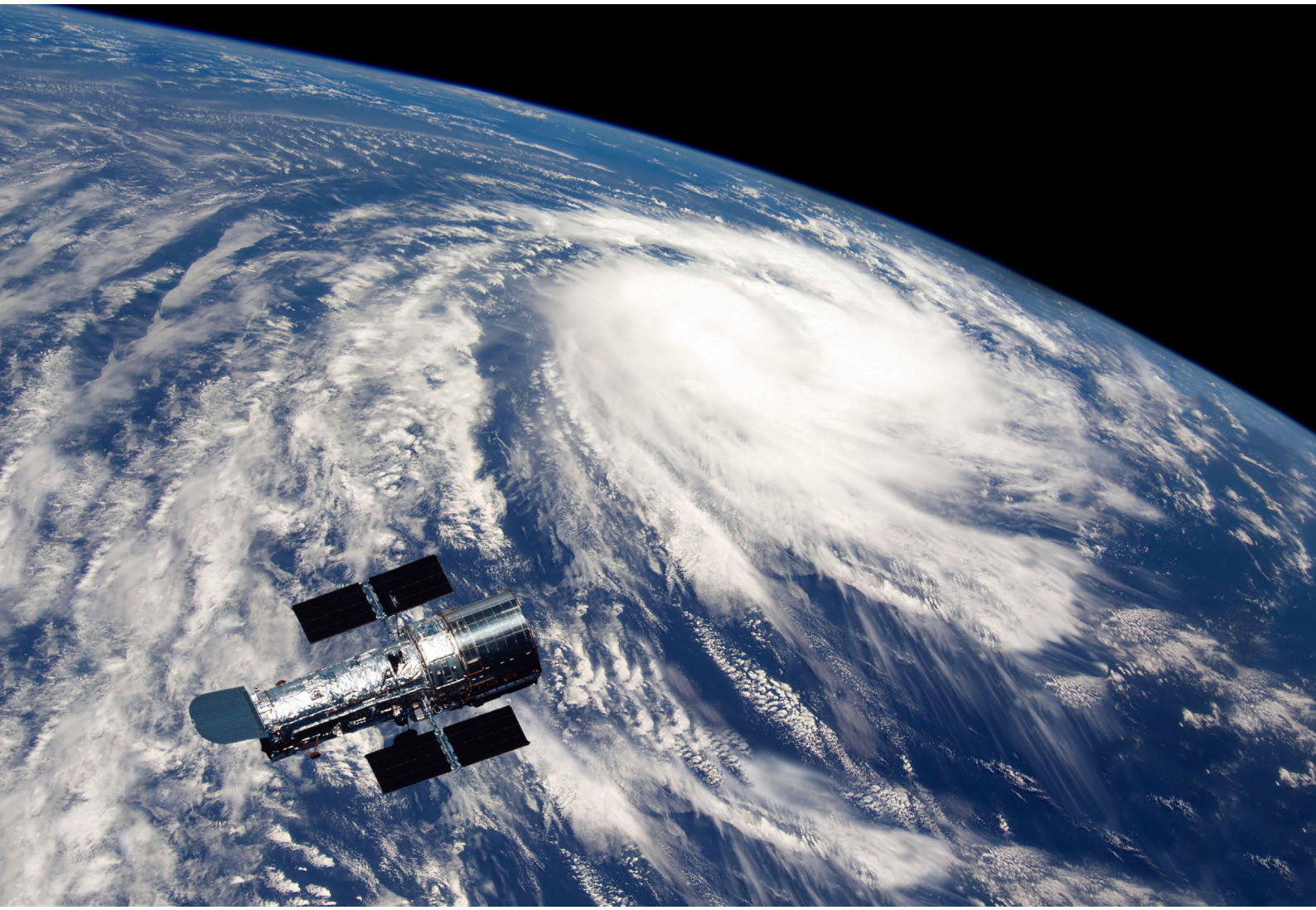
However, most of the reductions come from smaller energy-saving initiatives at facility-level. Cumulatively, these drive significant reductions. For example, since 2000, approximately 3300 energy projects have been implemented resulting in roughly $150 million in annualized savings and a reduction of approximately 814,000 tonnes of CO^2. Real savings have come from, and will continue to come from, optimising conditions, equipment, and systems within our facilities without impacting product quality or comfort level of the colleagues.

Our program has advanced by encouraging the formation of Site Sustainability teams, which are able to increase the number of colleagues involved in generating ideas for energy reduction (for example, recognizing if there is equipment running outside of production hours so it can be shut down as appropriate) and other important environmental improvements, such as waste and water reduction activities.

WHAT CHALLENGES DID YOU FACE?

Across a large network of diverse sites, our Global Engineering group has worked hard to engage our colleagues to ensure they understand the value of energy efficiency and renewable energy and feel empowered to seek out opportunities to make GHG reductions rather than viewing the request to make reductions as a burden. Communication was a key element to ensuring that colleagues from other parts of the business understood the potential global implications of climate change and therefore the need to act. Having a nearer term goal (2020) with a longer-term vision (2050) approved at the executive leadership level really helped our team to obtain buy-in.

Occasionally, being in a highly regulated industry, we have found that there are regulatory requirements in certain jurisdictions that may not lend themselves readily to energy reductions. There have also been moments where I have had to remind myself that progress happens slowly, that you can't drive dramatic change overnight. But then I look at what we've achieved and I think we've done pretty well and I am excited about the progress we can continue to make!



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